

Message Text

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ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 SPC-03 AID-20 EB-11 NSC-07

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 DODE-00 PA-04 USIA-15 PRS-01 SAJ-01 L-03

DRC-01 NIC-01 NSCE-00 /179 W
----- 115761

R 050440Z MAR 74

FM USLO PEKING

TO SECSTATE WASHDC 1451

INFO AMCONSUL HONG KONG

AMEMBASSY TOKYO

AMEMBASSY LONDON

C O N F I D E N T I A L PEKING 0367

E.O. 11652: GDS

TAGS: EFIN, CH, JA, UK

SUBJ: CREDITS TO THE PRC

REF: HONG KONG 1827

1. IN A DISCUSSION WITH A USLO OFFICER, DAVID LAUGHTON, MANAGER INTERNATIONAL DEPARTMENT OF KLEINWORT, BENSON LTD., BRITISH MERCHANT BANKING FIRM, MADE FOLLOWING COMMENTS ON FOREIGN CURRENCY DEPOSITS IN THE BANK OF CHINA.

2. HE SAID THAT BASED ON INFORMATION FROM HIS JAPANESE BANKING CONTACTS, HE ESTIMATES THAT JAPANESE BANKS HAVE PLACED A TOTAL OF ABOUT US DOLS 50 MILLION IN FOREIGN CURRENCY DEPOSITS (HE BELIEVES ALL IN US DOLLARS) WITH THE LONDON BRANCH OF THE BANK OF CHINA (BOC). FOREIGN CURRENCY DEPOSITS WITH BOC LONDON BY EUROPEAN BANKS, HE SAID, ARE QTE MUCH LARGER UNQTE; HE WAS RELUCTANT TO GIVE AN ESTIMATE, BUT IN RESPONSE TO A FURTHER
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QUESTION, SAID THAT WHILE THE TOTAL VARIES IT IS UNDER

US DOLS 200 MILLION. HE DESCRIBED THESE AS SHORT TERM RENEWABLE DEPOSITS, AT INTEREST RATES COMPARABLE TO THOSE WHICH WOULD BE ACCORDED OTHER CREDIT RISKS AS GOOD AS THE PRC.

3. LAUGHTON'S COMMENTS TEND TO PROVIDE FURTHER CONFIRMATION OF REPORTS (SUCH AS REFTTEL) REGARDING CREDIT TO THE PRC IN FORM OF FOREIGN CURRENCY DEPOSITS BY FOREIGN BANKS IN THE BANK OF CHINA. HE SEEMS QUITE KNOWLEDGEABLE ON THE SUBJECT AND WOULD BE WORTH TRYING TO DRAW OUT FURTHER. LAUGHTON IS SCHEDULED TO ARRIVE IN HONG KONG MARCH 6 AND PROMISED TO CONTACT CONGEN ECONOMIC OFFICERS. HE IS A FORMER BRITISH FOREIGN SERVICE OFFICER WHO STUDIED CHINESE IN HONG KONG AND SERVED IN PEKING IN THE 1960S, AND WHO HAD A FRIENDLY RELATIONSHIP WITH CONGEN OFFICERS AT THAT TIME.
JENKINS

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Message Attributes

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